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COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

COMMITTEE ON THE BUDGET

February 27, 2015

Congress of the United States

House of Representatives

Washington, **DC** 20515—1501

The Honorable Tom Wheeler Chairman Federal Communications Commission 445 12th Street SW Washington, D.C. 20554

Dear Chairman Wheeler:

I write to you today because I am very concerned that the Federal Communications Commission's (FCC) recent decision to regulate the Internet under Title II of the *Communications Act of 1934* will have a disproportionate impact on small and mid-sized Internet Service Providers (ISPs) and jeopardize their ability to make future investments in the network.

In the state of Iowa, many homes and businesses receive wireline Internet services from dozens of small and mid-sized ISPs. By using Title II as a means of enforcing net neutrality, the FCC will impose unwarranted and onerous burdens on these businesses, increasing costs which are then passed onto customers and inhibiting their ability to finance and deploy broadband, especially in rural areas.

The imposition of onerous Title II regulations on small and mid-size ISPs is wholly unwarranted. These ISPs doing business in Iowa have no incentive to restrict the openness of the Internet. All face competition from other wireline and/or wireless ISPs and would face significant subscriber losses if they engaged in blocking, throttling, or discrimination with respect to Internet traffic.

Furthermore, none of these small or mid-sized ISPs have the market power to compel payments for content providers for paid prioritization because they serve too few subscribers to have negotiating leverage.

For these reasons, I urge the FCC to exempt small and mid-sized ISPs from the onerous provisions of Title II.

Sincerely

Rod L. Blum

Member of Congress



FEDERAL COMMUNICATIONS COMMISSION WASHINGTON

March 25, 2015

The Honorable Rod Blum U.S. House of Representatives 213 Cannon House Office Building Washington, D.C. 20515

Dear Congressman Blum

Thank you for your letter expressing concern about the effect of the reclassification of broadband Internet access under Title II of the Communications Act on small and mid-sized internet service providers (ISPs). Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

Over the past year, I have come to believe that there are three simple keys to our broadband future. Our broadband networks must be fast; our broadband networks must be fair; and our broadband networks must be open. On February 26, 2015, the Federal Communications Commission (FCC) voted to approve new rules designed to preserve the Internet as an open platform for innovation, investment, and free expression. Utilizing the combined authority of Title II of the Communications Act and Section 706 of the Telecommunications Act, these rules are rooted in long-standing regulatory principles, marketplace experience, and public input received over the last year. This Order represents the most open rulemaking in history and is based on months of listening to the views of policymakers outside the Commission, industry and public interest representatives, and millions of Americans from all walks of life.

Based on the input of all these stakeholders, the FCC adopted the strongest possible open Internet protections. Specifically, we established bright-line rules banning paid prioritization, blocking, and throttling of legal content, along with a general conduct rule that can be used to stop new and novel threats to the Internet as they develop. These rules apply to both fixed and mobile broadband Internet access services. This approach provides clear rules of the road for all stakeholders, while ensuring there is a referee in place to keep things fair in the future.

Importantly, these rules are grounded in the strongest authority the FCC can utilize: a modernized application of Title II of the Communications Act, along with Section 706 of the Telecommunications Act. I refer to this application of Title II as "modernized" because we have used the forbearance authority granted to us by Congress to ensure that we are not applying unreasonable conditions to these modern networks. The Order forbears from 27 provisions of Title II and more than 700 FCC rules and regulations. This forbearance is targeted to avoid major issues like rate regulation, tariffing, and network unbundling, which would not be appropriate for the broadband Internet access industry, and is designed to preserve incentives for continued investment in broadband networks.

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As you note, some parties have expressed concerns about the impact that the Order could have on small and mid-sized ISPs. The Order is intended to provide protections to consumers regardless of whether they receive broadband access from large or smaller providers. However, I understand and take seriously concerns that have been raised by smaller ISPs. To this end, the Order includes a temporary exemption for small providers the enhanced transparency rule. This temporary exception applies to providers with 100,000 or fewer subscribers. To ensure that the Commission gives the issues faced by smaller providers sufficient consideration, the Order directs the Consumer and Governmental Affairs Bureau to adopt an Order by December 15, 2015, on whether to make the exception permanent and, if so, the appropriate definition of "small."

The FCC's new rules, grounded in strong Title II authority coupled with appropriate forbearance, carry the support of millions of Americans, and are poised to keep the Internet open and free for consumers and innovators for years to come.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Tom Wheeler